

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 14, 2004**

AGENDA ITEM NO.: 24

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Penalty and Interest for failure to pay accounts when due**

RECOMMENDATION: Amend and Reenact the Code of the City of Lynchburg by adding a new section relating to penalty and interest for failure to pay accounts when due.

SUMMARY: City staff is currently implementing the Miscellaneous Accounts Receivable Module of the New World Financial System. Upon completion, this module will replace an extremely labor intensive manual system with an automated system. Historically, miscellaneous fees and charges for things such as demolitions, weeds, boarding room use, elevator permits, and inspections etc. have not been billed for penalty and interest when delinquent. With the implementation of the Accounts Receivable Module of the New World System and adoption of this new code provision would allow for consistency in assessing penalty and interest for all taxes, licenses, fees and charges.

PRIOR ACTION(S): Finance Committee, September 7, 2004

FISCAL IMPACT: Increase in Penalty and Interest Revenue

CONTACT(S): Donna S. Witt, Assistant Director for Financial Services, 455-3968

ATTACHMENT(S): Ordinance to amend and reenact the Code of the City of Lynchburg, by adding a new section relating to penalty and interest for failure to pay accounts when due.
Summary of First Virginia Cities and surrounding counties penalty and interest rates and calculation methodology for miscellaneous bills

REVIEWED BY: lkp

AN ORDINANCE TO AMEND AND REENACT THE CODE OF THE CITY OF LYNCHBURG, 1981, BY
ADDING THERETO A NEW SECTION NUMBERED 18-5, RELATING TO PENALTY AND INTEREST FOR
FAILURE TO PAY ACCOUNTS WHEN DUE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the Code of the City of Lynchburg, 1981, be and the same is hereby amended and reenacted by adding thereto
Section 18-5 as follows:

Sec. 18-5. Penalty and interest for failure to pay certain accounts when due.

(a) Any person failing to pay any account on or before its due date, other than accounts for taxes and other accounts for
which a penalty is otherwise specifically provided, shall incur a penalty of ten percent (10%). The penalty shall be added
to the amount of the account due from such person. No penalty shall be imposed for failure to pay if such failure was not
in any way the fault of the debtor.

(b) Interest at the rate of ten percent (10%) annually from the first day of the month following the month in which such
account is due shall be collected upon the principal and penalty of all such accounts then remaining unpaid.

2. That this ordinance shall be effective on its adoption.

Adopted:

Certified: _____

Clerk of Council